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I

106TH CONGRESS
2D SESSION

H. R. 3993

To amend title XXVII of the Public Health Service Act, title I of the Employee Retirement Income Security Act of 1974, the Internal Revenue Code of 1986, and title XVIII of the Social Security Act to require that group and individual health insurance coverage, group health plans, and Medicare+Choice organizations provide prompt payment of claims.

IN THE HOUSE OF REPRESENTATIVES

MARCH 15, 2000

Mrs. MCCARTHY of New York introduced the following bill; which was referred to the Committee on Commerce, and in addition to the Committees on Ways and Means, and Education and the Workforce, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned

A BILL

To amend title XXVII of the Public Health Service Act, title I of the Employee Retirement Income Security Act of 1974, the Internal Revenue Code of 1986, and title XVIII of the Social Security Act to require that group and individual health insurance coverage, group health plans, and Medicare+Choice organizations provide prompt payment of claims.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

1 **SECTION 1. SHORT TITLE.**

2 This Act may be cited as the “Prompt Payment of
3 Health Benefit Claims Act of 2000”.

4 **SEC. 2. PROMPT PAYMENT OF HEALTH BENEFIT CLAIMS BY**
5 **GROUP HEALTH PLANS AND HEALTH INSUR-**
6 **ANCE ISSUERS.**

7 (a) GROUP HEALTH PLANS.—

8 (1) PUBLIC HEALTH SERVICE ACT AMEND-
9 MENTS.—Subpart 2 of part A of title XXVII of the
10 Public Health Service Act is amended by adding at
11 the end the following new section:

12 **“SEC. 2707. STANDARD RELATING TO PROMPT PAYMENT OF**
13 **CLAIMS.**

14 “A group health plan, and a health insurance issuer
15 offering group health insurance coverage, shall—

16 “(1) pay the claim to a participant or bene-
17 ficiary, or make a payment to a health care provider,
18 within 15 business days of the date of the claim or
19 bill for services rendered (in the case of a claim or
20 bill transmitted electronically) or within 30 business
21 days of such date for other claims or bills submitted
22 in writing; and

23 “(2) shall accept as a clean claim a claim that
24 is submitted consistent with the standards adopted
25 under part C of title XI of the Social Security Act

1 (as added by section 262 of the Health Insurance
2 Portability and Accountability Act of 1996).”.

3 (2) ERISA AMENDMENTS.—(A) Subpart B of
4 part 7 of subtitle B of title I of the Employee Re-
5 tirement Income Security Act of 1974 is amended by
6 adding at the end the following new section:

7 **“SEC. 714. STANDARD RELATING TO PROMPT PAYMENT OF**
8 **CLAIMS.**

9 “A group health plan, and a health insurance issuer
10 offering group health insurance coverage, shall—

11 “(1) pay the claim to a participant or bene-
12 ficiary, or make a payment to a health care provider,
13 within 15 business days of the date of the claim or
14 bill for services rendered (in the case of a claim or
15 bill transmitted electronically) or within 30 business
16 days of such date for other claims or bills submitted
17 in writing; and

18 “(2) shall accept as a clean claim a claim that
19 is submitted consistent with the standards adopted
20 under part C of title XI of the Social Security Act
21 (as added by section 262 of the Health Insurance
22 Portability and Accountability Act of 1996).”.

23 (B) Section 732(a) of such Act (29 U.S.C.
24 1191a(a)) is amended by striking “section 711” and
25 inserting “sections 711 and 714”.

1 (C) The table of contents in section 1 of such
 2 Act is amended by inserting after the item relating
 3 to section 713 the following new item:

“Sec. 714. Standard relating to prompt payment of claims.”.

4 (3) INTERNAL REVENUE CODE AMEND-
 5 MENTS.—

6 (A) IN GENERAL.—Subchapter B of chap-
 7 ter 100 of the Internal Revenue Code of 1986
 8 is amended—

9 (i) in the table of sections, by insert-
 10 ing after the item relating to section 9812
 11 the following new item:

“Sec. 9813. Standard relating to prompt payment of claims.”;
 and

12 (ii) by inserting after section 9812 the
 13 following:

14 **“SEC. 9813. STANDARD RELATING TO PROMPT PAYMENT OF**
 15 **CLAIMS.**

16 “A group health plan shall—

17 “(1) pay the claim to a participant or bene-
 18 ficiary, or make a payment to a health care provider,
 19 within 15 business days of the date of the claim or
 20 bill for services rendered (in the case of a claim or
 21 bill transmitted electronically) or within 30 business
 22 days of such date for other claims or bills submitted
 23 in writing; and

1 “(2) shall accept as a clean claim a claim that
2 is submitted consistent with the standards adopted
3 under part C of title XI of the Social Security Act
4 (as added by section 262 of the Health Insurance
5 Portability and Accountability Act of 1996).”.

6 (B) CONFORMING AMENDMENT.—Section
7 4980D(d)(1) of such Code is amended by strik-
8 ing “section 9811” and inserting “sections
9 9811 and 9813”.

10 (b) INDIVIDUAL HEALTH INSURANCE.—Part B of
11 title XXVII of the Public Health Service Act is amended
12 by inserting after section 2752 the following new section:
13 **“SEC. 2753. STANDARD RELATING PATIENT FREEDOM OF**
14 **CHOICE.**

15 “The provisions of section 2707 shall apply to health
16 insurance coverage offered by a health insurance issuer
17 in the individual market in the same manner as they apply
18 to health insurance coverage offered by a health insurance
19 issuer in connection with a group health plan in the small
20 or large group market.”.

21 (c) EFFECTIVE DATES.—

22 (1) GROUP HEALTH PLANS AND GROUP
23 HEALTH INSURANCE COVERAGE.—Subject to para-
24 graph (3), the amendments made by subsection (a)

1 apply with respect to group health plans for plan
2 years beginning on or after January 1, 2001.

3 (2) INDIVIDUAL HEALTH INSURANCE COV-
4 ERAGE.—The amendment made by subsection (b)
5 apply with respect to health insurance coverage of-
6 fered, sold, issued, renewed, in effect, or operated in
7 the individual market on or after such date.

8 (3) COLLECTIVE BARGAINING EXCEPTION.—In
9 the case of a group health plan maintained pursuant
10 to 1 or more collective bargaining agreements be-
11 tween employee representatives and 1 or more em-
12 ployers ratified before the date of enactment of this
13 Act, the amendments made subsection (a) shall not
14 apply to plan years beginning before the later of—

15 (A) the date on which the last collective
16 bargaining agreements relating to the plan ter-
17 minates (determined without regard to any ex-
18 tension thereof agreed to after the date of en-
19 actment of this Act), or

20 (B) January 1, 2001.

21 For purposes of subparagraph (A), any plan amend-
22 ment made pursuant to a collective bargaining
23 agreement relating to the plan which amends the
24 plan solely to conform to any requirement added by

1 subsection (a) shall not be treated as a termination
2 of such collective bargaining agreement.

3 (d) COORDINATION OF ADMINISTRATION.—The Sec-
4 retary of Labor, the Secretary of the Treasury, and the
5 Secretary of Health and Human Services shall ensure,
6 through the execution of an interagency memorandum of
7 understanding among such Secretaries, that—

8 (1) regulations, rulings, and interpretations
9 issued by such Secretaries relating to the same mat-
10 ter over which two or more such Secretaries have re-
11 sponsibility under the provisions of this Act (and the
12 amendments made thereby) are administered so as
13 to have the same effect at all times; and

14 (2) coordination of policies relating to enforcing
15 the same requirements through such Secretaries in
16 order to have a coordinated enforcement strategy
17 that avoids duplication of enforcement efforts and
18 assigns priorities in enforcement.

19 **SEC. 3. PROMPT PAYMENT BY MEDICARE+CHOICE ORGANI-**
20 **ZATIONS IN ALL LINES OF BUSINESS.**

21 (a) IN GENERAL.—Section 1857(f)(1) of the Social
22 Security Act (42 U.S.C. 1395w-27(f)(1)) is amended by
23 inserting “and to individuals enrolled with the organiza-
24 tion through other lines of business (including private



1 health benefits coverage)" after "to enrollees pursuant to
2 the contract".

3 (b) EFFECTIVE DATE.—The amendment made by
4 subsection (a) shall apply to contract years beginning on
5 or after Janaury 1, 2001.

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